

**OFFICE OF THE GOVERNOR**  
**BUDGET AND PROGRAM PLANNING**  
STATE OF MONTANA

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1 Attachment

DATE: February 10, 2004

TO: Centralized Services Administrators of All State Agencies

FROM: Chuck Swysgood, Budget Director  
Office of Budget and Program Planning

SUBJECT: Vehicle Leasing Program - EPP

The Office of Budget and Program Planning encourages agencies with vehicle replacement needs to make every effort to satisfy their requirements through leases with the Department of Transportation Motor Pool. The Motor Pool alternative transfers an agency's responsibility for vehicle maintenance and management to the Motor Pool. Additionally, enhanced efficiency and effectiveness in the management of this function should avoid the problems associated with various department vehicle management procedures that were identified by the Legislative Auditor in 1996.

Each agency will be guaranteed safe, reliable vehicles. They may be new or used depending on the estimated yearly mileage and agency wide usage. The leasing agency is responsible for maximizing the vehicle utilization within the agency. If this is not accomplished, the Motor Pool reserves the right to reassign underutilized vehicles to another agency in order to efficiently manage the state fleet.

For new leased vehicle requests, please complete one survey form for EACH vehicle requested and email this information to Christi Moyer at OBPP by April 30, 2004. This preliminary information will be provided to the Motor Pool to allow them to prepare their EPP equipment purchase proposal to support the total requirements identified by the agencies. The instructions to complete the survey are included on the survey form.

Agencies using the Motor Pool leasing option are charged both an hourly and a per mile rate. The hourly rate will be established by the Motor Pool at a cost recovery level. Motor Pool management includes vehicle purchase and replacement, responsibility for scheduled and unscheduled maintenance, liability insurance, and fuel.

The following rates for FY 2004 are FOR REFERENCE ONLY. The recommended 2007 biennium rates will be determined based on the number of lease vehicle requests received from this survey. These rates will be provided for agencies to use for the August budget submission and will require legislative action.

Class	Description	Rental Hours	Hourly Rate	Per Mile Rate
02	Small Utilities	2920	2.040	0.098
04	Large Utilities	2920	2.251	0.099
06	Passenger Cars	2920	1.370	0.067
07	Small or Std Size Trucks	2920	1.123	0.110
11	Large 4 x 4 Trucks	2920	1.284	0.123
12	Vans	2920	1.372	0.134

If an agency requests a class 06 passenger car and estimates 12,000 miles per year, the estimated cost would be  $(2,920 \text{ hrs} \times \$1.37/\text{hr}) + (12,000 \text{ miles} \times \$0.067 \text{ per mile}) = \$4,804$  per year. This cost is inclusive of the vehicle, liability insurance, gas, oil changes, tune-ups, etc.

Agencies will need to identify FY 2004 actual expenditures for vehicle liability insurance, gas, maintenance, personal car mileage, or other related costs for vehicle(s) approved for replacement. Due to budget constraints anticipated for the 2007 biennium, the OBPP will be giving extra scrutiny to Motor Pool requests. New requests should show an offset in other budget areas equal to the cost of the vehicle lease. The actual FY 2004 amounts will be removed in a present law base adjustment for all approved vehicles, because the expenditures will be included in the Motor Pool rates for the 2007 biennium.

Agencies intending to use the vehicle lease program that have unique requirements (e.g. light bars, heavy duty bumpers, cages) will be responsible for the costs associated with purchasing those items, maintaining those items, and disposal of the items once the unit(s) are returned to the Motor Pool. In cases where these vehicle(s) with unique requirements are being underutilized, an agency will be responsible for the cost(s) related to the removal of these items if reassignment is recommended.

HB 602, passed by the 2003 Legislature, requires the OBPP and the Motor Pool to develop requirements for a leasing preference guideline that encourages cost-efficiency and appropriate use. The guidelines will be forthcoming in May. **Lease vehicle requests should be justifiable and realistic.** Requesting lease vehicles is a commitment on the part of an agency. If lease vehicles are approved by the Legislature for an agency, it is the agency's responsibility to meet that obligation to the Motor Pool.

Please contact Christi Moyer at OBPP for any follow-up questions.

c: John Blacker, Cheryl Richman